

GOVERNOR ALBERT BRYAN JR.

STATE
★ OF THE ★
TERRITORY

JANUARY 24, 2022

GOVERNOR ALBERT BRYAN JR. · STATE OF THE TERRITORY ADDRESS · JANUARY 24, 2022





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2022 STATE of the
TERRITORY



JANUARY 24, 2022

EARLE B. OTTLEY LEGISLATIVE CHAMBERS
CHARLOTTE AMALIE, UNITED STATES VIRGIN ISLANDS



I am so excited to be here with you tonight.

Reverend Father Anthony Abraham; Lt. Governor Tregenza Roach, Esq., Senate President Donna Frett-Gregory and members of the 34th Legislature; Chief Justice of the Supreme Court of the Virgin Islands the Honorable Rhys S. Hodge; Presiding Judge Harold W.L. Willocks of the Superior Court of the Virgin Islands; members of my Cabinet, staff, and other agency heads; my wife, First Lady Yolanda Bryan; invited guests, and my fellow Virgin Islanders; Good Evening.

I am honored to stand before you for the fourth time as Governor of the Virgin Islands of the United States to report on the State of the Territory as mandated in the Revised Organic Act of 1954. I thank this body for graciously accepting my request to reschedule the delivery of this address from its original date of January 10th, as we made the necessary adjustments to safeguard the public's health.

When I appeared before the Senate to present our very first State of the Territory on January 28, 2019, we were still reeling from the impact of Hurricanes Irma and Maria. Our focus was the recovery from those twin disasters and stabilizing the finances of the government. Since then, we have experienced the additional trauma of a deadly global pandemic, and the largest private employer in the Virgin Islands closed its doors for the second time in less than a decade. Most

recently, we have been challenged by the rapid inflation in local prices brought about by the pandemic, supply-chain disruptions, the lack of housing, and other factors.

However, Senators, I trust you have been reminded, as I have, that our people are remarkably resilient. As a community, we have pushed ourselves to do better, to achieve more, and to overcome our limitations – and the results are becoming evident. We are not only surviving; we are thriving.

While we've seen our fair share of ups and downs in the past few years, our economy has demonstrated surprising rigidity.

In 2019, the U.S. Virgin Islands' economy saw expansion and growth in the aftermath of the 2017 hurricanes. The gross domestic product advanced 2.2 percent that year. Total employment over the year had grown by 6 percent. Our housing industry was strong as the number of sales territory-wide grew by 31 percent, and the median sales price increased by 10 percent. The Territory drew 2.1 million visitors and was on pace for even more in 2020. Then came the COVID-19 pandemic.

Describing 2020 as a disruptive year for the U.S. Virgin Islands' economy would be an understatement. We saw unemployment increase to a high of 13.6 percent, and tourism severely declined. For over a year, the number of cruise ship passengers to the Territory dropped to exactly zero. A decrease in the number of tourists translated to a decline in stays at the establishments which housed them, with hotel occupancy falling to 25 percent as several hotels closed and furloughed workers. Many were unsure when, or even if, we would see economic recovery.

That uncertainty, however, would not remain for very long as economic indicators began to provide a more promising outlook. With the successful distribution of vaccines and the implementation of balanced COVID protocols, which protected our health while enabling many businesses to stay open, we led this Territory on a narrow path to economic recovery.

By October 2021, the economy had regained almost 95 percent of jobs lost during the peak of the pandemic, and the unemployment rate fell to 8 percent – a full 5.6 percent from the initial height. Visitor volume recovered nearly 80 percent from its 2020 low, and we started to draw regional and national attention as to how well we were doing, despite COVID.

We can proudly report that our efforts to keep America’s Caribbean open and protect the livelihoods of those of us who depend on the hospitality industry, have been successful. Throughout the pandemic, the U.S. Virgin Islands continues to win accolades for its visitor experience as a travel destination. We made Bloomberg Businessweek’s prestigious list of the top places in the world to visit in 2022. Caribbean Journal, a preeminent tourism media house, recently named the USVI the Most Innovative Destination of the Year – thanks to the ingenuity of our travel screening portal, which processed more than a million applications last year.

As of November 2021, passenger air arrivals had more than doubled compared to the same period in 2020. Last year also saw the return of cruise passengers after the CDC’s “no-sail” order stopped cruise ship traffic from March 2020 to June 2021. To facilitate the safe return of the cruise industry, we executed individual agreements with the cruise lines to ensure that the vast majority of the crew and passengers on board were vaccinated and tested prior to their arrival in the Territory.

The Caribbean Journal has also named the U.S. Virgin Islands the Yachting Destination of the Year, which speaks to the successful transformation of our marine sector. The charter yacht sector has blossomed and become a significant component of our tourism industry once again. Such recognition also underscores the growth and potential of the Blue Economy initiative that we have been pursuing.

Our hotel sector is also showing strong signs of recovery from the effects of the 2017 hurricanes and the impacts of the pandemic. According to reports from STR, a leader in hospitality data reporting, we have consistently led the Caribbean in Average Daily Rates

throughout the pandemic. In 2020, our occupancy rate was 46 percent, an Average Daily Rate of \$295. In 2021, our occupancy rate grew to 70 percent, an Average Daily Rate of \$495.

Despite the necessary change to their service models to comply with safety protocols, local restaurateurs were happy to report that their businesses were booming. The most loyal of customers found that they needed reservations days in advance. I know that these impressive numbers were not just happenstance. It took tremendous planning.

On St. Croix, the 200-room Divi Carina Bay Resort and Casino will fully reopen on February 1st as an all-inclusive, adult-only resort to include Divi's new brand, Oceans, an exclusive 50-room hotel-within-a-hotel. The Buccaneer Hotel has become a Wyndham property, adding another respected worldwide brand to the "Big Island." On St. John, we are overjoyed with the reopening of Concordia Eco-Resort, while the Territory continues to enjoy considerable media attention around the new Lovango Cay development. On St. Thomas, the Marriott's Frenchman's Reef and Morning Star are finally making positive headway on reopening in 2023. Our Airbnb business grew 100 percent in 2020 and an additional 200 percent in 2021, providing much-needed rooms in both districts. The mammoth resurgence of overnight guests, and the jobs and revenue they help generate, were a welcomed economic boost.

We are committed to having a solid private sector that can continue to drive our economy for years to come.

The Bryan-Roach administration has prided itself on true belt-tightening and conservative financial forecasting. As a result, the Government of the Virgin Islands continues to gain fiscal strength. Total tax revenues remained steady in Fiscal Year 2021 when compared to Fiscal Year 2020 at approximately \$839 million. This is 10 percent greater than Fiscal Year 2019 and more than 30 percent greater than the revenues collected in Fiscal Year 2018. Over the last three years of this Administration, we have seen the annual revenue collections exceed the revenue projections, creating budget surpluses that have not been seen in over 15 years, despite the pandemic. Furthermore, we have actually reduced the indebtedness of the government by over

\$500 million in the last three years.

We have projected several factors that we believe will provide sustainability to our revenue picture over the coming year. Chief amongst these is the continuous and steady expenditure of disaster recovery funds, as many capital projects are completing the planning process and moving to construction. Sustained public-sector spending, in general, will be crucial to economic activity. Last year, the Department of Property and Procurement executed 630 contracts totaling \$482 million, resulting in a 200 percent increase in executed contracts. As impressive as this increase is, we are predicting continued growth for the next several years as we expend the influx of hurricane and pandemic recovery funding.

We continue our commitment to increasing the efficiency and productivity of government through the use of technology. The Department of Property and Procurement will be aided in its efforts by the successful launch of its online procurement system, GVIBUY. All government bid solicitations, contracts, purchase orders, and invoicing will be done transparently through that system which is now online. No longer will vendors be in the dark about the status of their invoices and when they are expected to be paid.

West Indian Petroleum is finalizing the purchase of the refinery on St. Croix, and we are working with them to not only safely open the refinery but to explore other potential uses for this sprawling industrial complex.

We are anticipating greater economic certainty as we recover from the pandemic-related reduction in business activity and the related decrease in leisure spending. Our tourism market is also expected to come roaring back and remain robust over the next year as we add more cruise calls, flights, hotel rooms, and marine vessels to our product.

Last year, we settled the federal court case, which held excise taxes in abeyance for three years. The collection of those taxes, which did not play a role in our Administration's prior budget submissions, has now been factored into our revenue projections, bolstering the financial position of the government.

In addition to these economic factors, the Territory is the recipient of sufficient federal funds to buttress the pandemic-related revenue losses and expenditures over the next four years.

There is much more work to be done as we continue to strive to improve the quality of life for all Virgin Islanders...but together, we got this! As I stand here tonight, I am happy to report that the State of the Territory is "Stronger than ever...and only getting stronger!"

Yes, we have challenges. But for the first time in a long time, we have the plans in place to address our challenges and, most importantly, the resources to implement those plans.

We all know the road here hasn't been easy. When I addressed this body last year, there was no way of knowing then that the worst impacts of this global pandemic were still yet to come. The Delta-variant caught governments throughout the nation and worldwide completely off-guard with its lethality and would wield COVID's most deadly blow to date. Now the Omicron variant is surprising the world again with its contagiousness. It has been a challenging time for members of our community living with constant anxiety due to this virus. Even worse is the uncertainty of when we will return to normalcy, if ever.

As we approach the third year of the global pandemic, the United States remains under a national public health emergency declaration, as does the U.S. Virgin Islands. It continues to be the most significant issue confronting our Territory, as it has been for the past two years. As I speak to you tonight, the surge in active cases brought about by the Omicron-variant of the virus continues to rage through the Territory. We are in the midst of the fifth wave of infections brought about by this pandemic.

The pandemic has tested our ability to be adaptive in our response to ever-changing and unpredictable circumstances. We battled the deadly Delta-variant of the virus from mid-summer through November of last year. That variant was particularly lethal and contributed significantly to the 65 Covid-related deaths that we suffered last year. Then, just as we thought

we had beaten back Covid and felt confident enough to begin relaxing emergency restrictions, came news of the Omicron-variant. The highly contagious nature of this variant has led to a record number of infections in the Territory. The rapid onset of this surge has created a tremendous strain on our emergency rooms and urgent care clinics. While we may all want to be done with Covid, Covid is certainly not done with us.

The biggest weapon in our battle to withstand the Covid-19 pandemic last year was the availability of vaccines. We were the first jurisdiction in the nation to make them widely available to everyone. The easy access to free vaccinations protected thousands of Virgin Islanders from the worst health effect of the Covid virus. The numbers don't lie. Yes, we have experienced "breakthrough" cases in which fully vaccinated individuals have contracted the virus. However, of the Virgin Islanders who have died due to complications from the virus, only two were fully vaccinated. We do not believe this is a coincidence. We have verified locally through our own observations what the medical professionals and scientists have been telling us. Virgin Islanders who have taken the vaccine have been less likely to become seriously ill, less likely to require hospitalization, and less likely to die as a result of COVID infection. It is this evidence that drives us to strongly encourage Virgin Islanders to get vaccinated as our primary tool to combat the COVID virus.

As of January 1st, 54,175 Virgin Islanders had been fully vaccinated. According to the 2020 census data, that is approximately 62 percent of our total population. There is no question that our incentive programs worked. Perhaps of greater significance, more than 88.5 percent of the population over the age of 65, the most vulnerable amongst us, have been vaccinated in the Virgin Islands. We have not yet achieved our target for local herd immunity; however, the vaccines have helped us achieve our mission to not overwhelm our limited healthcare capacity.

As a community, we have done relatively well in mitigating the health impacts of this pandemic. When I go about my daily business throughout the Territory, individuals often commend me for my management of the pandemic. I graciously accept their commendations

and remind them that we are only managing this crisis as well as we are because of the tireless effort and dedication of the many COVID warriors who have done the heavy lifting to keep us all safe.

We owe a tremendous debt of gratitude to the nurses, physicians, respiratory therapists, and other medical and support personnel at our hospitals and private clinics. We are equally grateful to the Covid Task Force that has strictly enforced the public health orders. We must not forget the unsung heroes in the public health laboratories and the epidemiologists who have been on top of this virus from day one. The members of the National Guard have filled in where needed, from beach patrols to passenger screening. We have dedicated employees in the Department of Human Services, the Department of Finance, the Department of Labor, the Office of Management and Budget, and the Bureau of Internal Revenue that has made sure the economic aid to the Territory is made available to our residents in a timely fashion. And we owe tremendous appreciation to our residents who practiced all the safety protocols that kept us all safe.

We have been blessed with a strong leadership team that has assisted me in decision-making. I have received daily guidance from Commissioner Justa Encarnacion, Director Daryl Jaschen, Commissioners Richard Evangelista, Ray Martinez, Kimberly Causey-Gomez, Joseph Boschulte; Dr. Luis Amaro and Dyma Williams at the hospitals, Major General Kodjo Knox-Limbacker and former Commissioner Trevor Velinor, Dr. Esther Ellis, Dr. Nicole Syms, Dr. Tai Hunte-Cesar, and - the always steady and wise counsel of Lieutenant Governor Tregenza Roach. This team has been an active part of some of the most challenging decisions, literally, on matters of life and death. Please join me in recognizing the public servants and unsung heroes in our community who have helped us make it this far in our progress against the pandemic.

I do not know if we are any closer to the end of this crisis or if we are at the beginning. We have all heard from the pundits and the professionals about the theories of how the pandemic ultimately ends. Does anyone truly know? What I do know is that - Virgin Islanders are some

of the most resilient people you can find on Planet Earth, and we will weather this storm just as we have weathered every other storm before it.

Our response to the Covid pandemic balanced the need to protect public health while mitigating the negative economic impacts. We have always understood that it was paramount to protect people's lives, as well as their livelihoods. Delegate Stacey Plaskett, our Washington team, and I have made sure that Congress and the Biden Administration recognize the economic hardships imposed by the pandemic and the resulting public health response here in the Virgin Islands. The federal government has made an unprecedented commitment of resources to aid individuals, businesses, and the local government on top of recovery measures for the catastrophic hurricanes of 2017.

The Bureau of Internal Revenue (BIR) paid out over \$147 million in Economic Impact Payments (stimulus funds) in 2021, with a total of over 98,000 checks issued. The BIR also paid more than \$19 million in Advance Child tax Credits to 8,634 households with minor children. The Department of Labor paid out over \$104 million in unemployment insurance claims. It warmed our hearts to hear from citizens about being able to improve their quality of life after being laid off, seniors able to better afford their medication, college graduates being able to start paying down on school loans, fathers being able to open a savings account for their families.

Our children did not go hungry. The Department of Human Services met the nutritional needs of our children by administering the Pandemic-Electronic Benefits Transfer (P-EBT) program. Through this program, children received temporary emergency nutrition benefits. The Department paid out almost \$13 million in P-EBT payments to children for the 2021 school year, approximately \$3.4 million to children that were enrolled in childcare, and \$6.75 million to children over the summer. That is over \$23 million in food benefits, distributed to families in need.

Some 3,430 small businesses participated in the Paycheck Protection Program, receiving over

\$75.5 million to keep their workforce employed. Local restaurants and bars took advantage of the Restaurant Revitalization Fund, receiving almost \$6 million in funding. Another 1,833 businesses received Economic Injury Disaster Loans totaling more than \$121.6 million. The U.S. Virgin Islands has received, per capita, more Economic Injury Disaster Loans than anywhere else in the country. In all, between these four programs, businesses in the Virgin Islands received more than \$202 million in Covid aid in 2021.

The 2017 hurricane disaster recovery continues to gain momentum, and the road ahead is filled with visible evidence of the reconstruction of a brighter future for all Virgin Islanders. In 2021, we witnessed a burst of recovery activity, with more than 220 projects underway despite lags in the federal process and delays due to COVID. Beyond that, we have 275 projects scheduled for construction or planned for completion in 2022.

The recently hard-fought approval for the full replacement of the wastewater system on St. Croix boosts recovery dollars from \$8 billion to \$9.5 billion. Over the next few years, federal programs will continue to support our rise out of the devastation. As of December 31st, the Bryan/Roach administration has secured 75 percent or \$6 billion of those funds, obligating \$4.8 billion to specific projects and paying out over \$2.4 billion to complete this critical work. In 2021, expenditures increased by 98.9 percent to \$787 million, up by almost \$400 million. The Rand Report, funded by FEMA, predicted that at best, we could probably spend \$500 million per year; we have surpassed that mark as we move further along the path to recovery.

The Office of Disaster Recovery presses forward to get the funds, and more importantly, to spend the funds and spend them correctly.

One thing that I consider non-negotiable as I serve as your Governor is to always be honest in what we can and cannot achieve. I pride myself in our ability to deliver on the commitments Lieutenant Governor Tregenza Roach and I made to you over three years ago as we blazed the campaign trail. The people asked, and we delivered, despite Covid. We prioritized the things you told us were important.

The stability of the government is paramount to the stability of the people. With the strengthening economy and significant availability of federal funds, my administration has made a concerted effort to invest in our people, our infrastructure, and our future.

The enormous unfunded liability facing our public employee pension system is perhaps the most significant financial crisis that our community faces. There are thousands of Virgin Islanders who depend on the Government Employees' Retirement System (GERS) for a substantial portion of their income. Many of our local businesses rely on the patronage of those pensioners. Additionally, there are thousands of Virgin Islanders who pay between 11 and 14 percent of their gross pay every two weeks in hopes of securing their financial futures.

As we truthfully assess the situation, GERS is already insolvent and on the verge of complete collapse. The actuaries are predicting the System to run out of assets on or before October 2024. If we continue the status quo until then, it is projected that employer and employee contributions will cover less than half of the projected benefits to be paid out. At that time, the shortfall will either have to be paid annually from the General Fund, or the pensions of the retirees in the System will be reduced.

Our Administration has worked tirelessly on understanding the issues driving the growing unfunded liability and resulting insolvency of our pension system. We understand those issues and the required solutions well. Senators, I am truly pleased that we can present a consensus solution to this decades-long, vexing problem to the people of the Virgin Islands.

We have before us a great opportunity, through the collaborative legislative proposal, to refinance the Government of the Virgin Islands' debt at the current historically low interest rates, allowing us to stabilize the Government Employees' Retirement System. The core elements of this proposal remain similar to the three transactions originally proposed to the 33rd Legislature in 2020. The revenues generated by rum cover over receipts are being pledged as the financial base of the transaction. The Government would refund and restructure the outstanding Matching

Fund bonds, thereby reducing debt service payments, and dedicate those revenues and other funds to GERS to meet its pension funding needs. We know that this issue keeps all of us up at night. Under the proposed scenario, financial stability would be returned to the GERS without any reductions to the pensions of retirees.

Our success in this endeavor will also send a powerful signal to the financial markets that the U.S. Virgin Islands is getting its financial house in order. Most importantly, there are nearly 17,500 retirees and active employees who are depending on our actions. This proposal will end the anxiety experienced by the retired employees, secure the financial futures of the current employees, and restore the attractiveness of the retirement benefits for the future employees. It does not “kick the can down the road”; it crushes the can. It solves the GERS crisis for decades to come.

Last year, I stood before this body and pledged to restore the 2012 VIESA 8% payroll cut. Before the year was over, we delivered on that promise. As of today, 5,915 employees have been paid a total of approximately \$41.5 million. This is an average reimbursement of about \$7000 per person. The release of these funds allowed the recipients to improve their economic well-being by acquiring assets, making home improvements, and paying down debt, in addition to taking care of daily living expenses. It also infused money into the community and supported small businesses which have depended on all of us to survive, especially during these last two years of the pandemic. In the face of a rapidly rising cost of living, this was a very timely stimulus. I want to thank this body for passing the legislation that enabled us to keep this commitment.

Last year, our Administration paid out more than 38,000 refund checks totaling \$96 million in past due income tax refunds. It is the most tax refunds ever paid out in a single year in the Virgin Islands. We remain on track to become current on the backlog of income tax refunds later this year, and once we are caught up, we intend to remain current.

As part of the American Rescue Plan Act, Congress has agreed to begin reimbursing the

local government for its expenditures related to applying the Earned Income Tax Credit (EITC). The Earned Income Tax Credit subsidizes low-income working families whose earned income is insufficient to sustain themselves and their dependents. The EITC encourages and rewards work by ensuring working families take home a livable wage.

This tax credit is usually paid out to taxpayers as part of a tax refund. Although a part of the federal tax code, this credit has been paid out of the general fund of the Government of the Virgin Islands. Over the years, the EITC has been a very costly policy for us to maintain and is the main contributor to the backlog of income tax refunds. That is why we are extremely grateful for the efforts of our Delegate to Congress, the Honorable Stacey Plaskett, in finally getting Congress to agree to reimburse this expense. A huge win for the Territory!

When Lieutenant Governor Roach and I took office, we understood that we could not tackle the myriad of issues that confronted us all at once. We knew we had to establish priorities. Our Administration decided to place priority on the repayment of income tax refunds because it represented the greatest number of people owed by this government. We spent the last three years reducing the backlog of refunds owed to taxpayers. As I mentioned earlier, we addressed the repayment of the VIESA payroll cuts. Now that we are beginning to see the light at the end of the tunnel on GERS, we can shift our focus to yet another longstanding obligation of this government, the payment of retroactive wages.

Director Nominee Cindy Richardson and the Division of Personnel maintain a consistent calculation of what is owed in retroactive wages to present and former employees. This is for salary increases that were promised but never paid. These debts date back more than 30 years to 1990. This evening, after consulting with Senate President Donna Frett-Gregory and Vice President Novelle Francis, we are committing to paying down at least 15 percent or approximately \$26 million in retroactive wages in the current fiscal year. I am also proposing that we commit to a plan to pay the remaining balance of what is owed in annual installments of \$25 million each fiscal year until the full obligation is repaid. The Fiscal Year 2023 Executive Budget

that I submit for your approval in May will include an appropriation in keeping with this plan. We will need Legislative action to make good on that commitment, and so I humbly ask for your support in this endeavor.

Senators, I am sure we all agree that taking care of those public servants who have been waiting on their government to make them whole for over three decades is a worthwhile challenge. Let us make this the year that we not only solve the pension crisis at GERS, but also commit to a sustainable plan for the repayment of the retroactive wages owed to our retirees.

The financial security of our seniors is of utmost importance to our Administration. We are also invested in their health, housing, recreation, and overall quality of life. To further our commitment to that agenda, we will be reconstituting the membership of the Commission on Aging this year. I look forward to working with the Commission to ensure the needs of our elders are properly addressed.

In addition to investing in our people, we have also made considerable investments in improving our infrastructure. We required a lot of patience as FEMA reviewed our request for a revision to the flood plain maps, but as promised, construction on the Paul E. Joseph Stadium resumed last year. There are, however, some additional amenities not currently included in the contract that we believe will add value to the project. The estimated cost of those improvements is approximately \$3 million. We will be presenting those recommendations to this body for your consideration and look forward to the discussions. We believe that those final additions will help ensure that this was a stadium worth waiting for.

With the help of this body, we have been able to fund the restoration of the drag racing facility on St. Croix. Drag racing will be returning to St. Croix this year. Unfortunately, horse racing is unlikely to return until 2023. We have amended the agreement with VIGL as it relates to the operation of the racetracks. While they are still responsible for the operations of both tracks, this allowed us to authorize them to proceed with the redevelopment of

the Randall “Doc” James track on St. Croix, while we worked to resolve the lawsuit that has hindered progress on returning horseracing. We continue to monitor VIGL as it proceeds with the renovation of the racetrack on St. Croix, and we are pleased to announce that today we have presented the Senate President with an agreement for the resumption of the renovations at the Clinton Phipps racetrack on St. Thomas.

The Department of Sports, Parks, and Recreation is in the midst of an aggressive effort to redevelop its facilities. Repairs were completed to several parks, including the Isaac Boynes in Grove Place and the Pedro Cruz Ballpark in Estate Profit.

The Department has an incredible queue of projects either under construction or about to commence. This year will see the completion of restoration and repair projects at Emile Griffith Ballpark, Lionel Roberts Stadium, Rudy Krieger in Sion Farm, Reinholdt Jackson in Whim, Alvin McBean Ballpark, Kirwan Terrace Ballpark, and Joseph Aubain Ballpark in French Town. We are also actively facilitating the development of cricket pitches on both St. Thomas and St. Croix.

In Frederiksted, the revitalization of the Midre Cummings Recreational and Youth Facility has been completed. This is a custom designed project, built by the members of the St. Croix community, with \$400,000 in seed funding from the Government of the Virgin Islands. We thank all of the private-sector donors and the hundreds of community volunteers who contributed to this beautiful project that honors a proud Virgin Islander, Midre Almeric Cummings. Repairs are underway at the Fort Frederik Beach Pavilion and Bath House on one side of town and the Vincent Mason Sr. Coral Resort Park and Pool on the other side of town.

On the east end of St. Croix, construction is also underway on the pavilions at Cramer’s Park.

One of our observations throughout the pandemic is that those who were most likely to succumb to the virus already had pre-existing health conditions. Many victims suffered from obesity, hypertension, diabetes, or other preventable ailments. For this reason, we have renewed our focus on preventative healthcare. We all know someone, a family or friend who has been impacted by diabetes, and we are committed to helping persons with diabetes manage their care.

In an effort to improve the quality of life for persons who are living with diabetes or those at-risk for diabetes, we have partnered with the Virgin Islands Diabetes Center of Excellence to bring added healthcare specialists and clinical care to the Territory to treat individuals with diabetes and provide increased educational outreach and services. The Diabetes Center of Excellence is a 501(c)(3) nonprofit and hopes to serve 1,000 Virgin Islanders within its first year with lifestyle and healthcare services and more than 10,000 residents with its educational outreach.

We have also set aside \$1 million for the Department of Sports, Parks, and Recreation to launch a health and wellness campaign with programs accessible to individuals of all ages and abilities. We are committed to improving the physical fitness of our community and the health of our people by getting them up and out.

Our healthcare professionals are doing an incredible job responding to a global pandemic in a less-than-ideal environment. After four years, our hospital infrastructure is still struggling to recover from the effects of Hurricanes Irma and Maria. Our Administration has invested millions of dollars in the last year to ensure that they have the needed resources to provide the best care possible. Restoration of these facilities remains a top priority of our disaster recovery efforts.

The temporary replacement for the hurricane-damaged Governor Juan F. Luis Hospital, referred to as "JFL North," remains frustratingly close to completion. JFL North is a 110-bed temporary hospital that will serve the acute care needs of St. Croix for the five to seven years necessary for the demolition and rebuilding of the permanent hospital. The temporary facility is essentially finished and fully furnished but requires utility connections to be fully functional. Installing these connections has proven to be extremely complicated for a variety of reasons, including the existing site conditions. Last year, I got in trouble when I attempted to project a completion date for this facility. However, in the interest of transparency, I will take the risk of reporting that JFL's new projection for the functional opening of JFL North is this summer. I

want to publicly welcome on board the new Chief Executive Officer of the Governor Juan F. Luis Hospital, Douglas Koch.

Even as the board and management of JFL work feverishly to open the temporary hospital, the design process has begun on the permanent hospital replacement. The Juan F. Luis Hospital awarded a contract for architectural services to FLAD Associates for the design of the new Juan F. Luis Hospital. FLAD Associates has also been retained by the Department of Health to design the replacement of the Charles Harwood Medical Center.

Last year, after wrestling back and forth for 4 years, FEMA finally approved the complete replacement of the Charlotte Kimelman Cancer Institute on St. Thomas and the Myrah Keating Smith Community Health Center on St. John. The architectural and engineering design of both facilities is currently underway, and we expect to see work begin this year.

Unlike the other facilities, the Schneider Regional Medical Center has not been approved for replacement. FEMA and the Territory continue to negotiate disagreements on the scope of damages to be funded. FEMA's reluctance to acknowledge the full scope of the damage caused by the hurricanes at the hospital has unfortunately delayed progress on the repairs.

While the process has been frustratingly slow, the effort is very much worth it. This is a once-in-a-generation opportunity to build brand new, modern, state-of-the-art health facilities to serve the people of the Virgin Islands. An opportunity to build health facilities that are resilient and sustainable. An opportunity to build facilities that will make the Virgin Islanders who go to work there every day, and those of us who visit there, proud. In the meantime, we will spare no expense in ensuring that the hospital systems maintain an adequate level of service to meet the needs of the community.

But hospitals are not just about the facilities; their effectiveness is fully dependent on the professionals that work there. We understand the stress and strain that has undoubtedly been experienced by the staff at our hospitals as they have worked long hours under difficult

circumstances. We have done our best to augment staffing and provide reinforcements through contract labor. However, that is only a temporary solution, at best. The key to the future of healthcare in the Territory is to retain the qualified Virgin Islanders that currently staff our healthcare facilities and to recruit a whole new generation of Virgin Islanders to the healthcare profession. To that end, in consultation with both hospitals, we have set aside \$16 million to execute a recruitment and retention program for nurses and allied health professionals in the Territory. We will be working with the affected unions to implement this program. Tonight, let us recognize four of our first responders for their exemplary service over the past year. From the St. Croix District: EMT Ann-Marie Camacho and Registered Nurse Evelisse Santiago from the Juan Luis Hospital and from the St. Thomas/St. John District: EMT Louis Robles and Debra Krauser Hodge, a Registered Nurse from the Schneider Medical Regional Center.

The provision of affordable, reliable, and quality water and power is an essential part of our infrastructure and crucial for our continued economic growth. The inadequacy of the Virgin Islands Water and Power Authority (WAPA) in fulfilling this mission has been the source of discussion, deliberation, and frustration in this community for decades. However, I have maintained that WAPA is a public corporation and an asset that belongs to the people of the Virgin Islands. As Governor, I do not have the option of watching a public institution fail. So, we have spent the last three years working closely with the board and management to stabilize the Water and Power Authority through trying times.

WAPA has before it an opportunity to start regaining the public's trust and confidence by installing a completely new leadership team. This process has begun with the hiring of a new Chief Executive Officer, Andrew Smith. We wish him success as he guides WAPA forward. He will soon be selecting a new Chief Financial Officer and a new Chief Operating Officer to assist him in that task.

There are two important aspects of WAPA's delivery of service, reliability, and cost. WAPA is making great strides in implementing the necessary measures to improve reliability.

There are three electrical undergrounding projects presently under construction on St. Croix at Midland, Golden Grove, and the Container Port. WAPA has also begun burying lines underground in Cruz Bay and is designing a similar project for St. Thomas. Over 4,700 composite poles have already been installed across the Territory. In all, 8,500 composite poles will be installed before January 2024. WAPA has begun reconstructing its substations that were damaged by the hurricanes. The St. Thomas East End substation has been completely repaired. This year WAPA will begin the installation of standby generators on St. John, and, for the first time ever, WAPA is installing Battery Energy Storage Systems. The cumulative effect of these projects will reduce the frequency of power outages and the duration of those outages.

Where WAPA has failed to make adequate progress thus far is on the bigger challenge of providing power at a reasonable cost. Through countless conversations with WAPA and consultation with other advisers, it is clear to me that WAPA has three urgent priorities; expedite the installation of the recently delivered Wartsila generators that will improve power plant efficiency, immediately refinance the debt owed to VITOL for the construction of the propane terminals, and fast track the renewable energy projects in the pipeline.

The debt owed to Vitol is structured as a high interest rate, short-term note. WAPA must restructure that debt now into a lower interest rate, longer-term obligation. I am calling on WAPA and the Public Services Commission to expedite this matter while we still enjoy a favorable interest rate environment. Refinancing that debt results in immediate savings for the ratepayers.

We don't control commodity prices, and both oil and propane, just like food and rent, are seeing significant price increases. We will not allow WAPA to fully pass on these increases to the ratepayers. I pledge to identify the funds to buy down that increase if it becomes necessary. However, this is not sustainable.

If WAPA is to survive and properly serve this community, it must transform itself into a renewable energy company and focus more on the distribution of energy than it does on

producing power itself. Increasing the amount of power produced by renewable energy provides a hedge against increasing fossil fuel prices. The rebuilding of the solar farm in Estate Donoe is 70 percent complete and should be back online this spring. This is a great start, but WAPA also needs to give greater priority to the development of the FEMA-funded 28-MW St. Croix Microgrid Project and the 10-MW windfarm at Bovoni.

We are ensuring that WAPA is making this transformation towards greater dependence on renewable energy. I have instructed the Director of the Energy Office, Kyle Fleming, to establish a low-interest loan program to fund the installation of solar energy for small residential customers of WAPA. We are seeking to develop a revolving loan fund that is large enough to help 1,000 homeowners achieve energy independence annually. This will mean energy independence for thousands of Virgin Islanders. The repayment of the loans will be conveniently done through the customer's WAPA bill, with no money down, as was successfully done before with solar water heater installations.

We are designing this program in a manner that is harmless to WAPA and beneficial to customers. These solar installations will remain grid-connected and will have WAPA as a standby source of power. The interest accrued on the loans will be retained by WAPA and used to fund more loans. The increased production of solar energy will benefit all WAPA's customers. This is the future of the utility industry, and that future is calling now!

Last year we completed two major transportation projects that not only improved traffic flow in Charlotte Amalie but provided a much-needed aesthetic upgrade to our waterfront and downtown areas. After 13 years of frustration and inconvenience, the Main Street Revitalization Project was finally concluded. The cobblestone road and decorative streetlights are a welcome refresh of the Main Street experience. Likewise, after 30 years, the longstanding effort to expand Veteran's Drive to a 4-lane highway has moved one step closer to fruition with the completion of Phase 1 of the Veterans Drive Improvement Project. The improvements not only add safety and utility to the highway, but also add beauty to the world-class views of the waterfront.

Several federal road projects were completed this past year to include Crown Bay Drainage and Pedestrian Improvements, the Eastern Cemetery Roadway Phase 2, the Benner Hill Guardrail Project, and Hess Road on St. Croix.

While FEMA and HUD have pledged resources towards road repairs, this process has been frustratingly slow and tedious. Furthermore, the Federal Highway funding allocated to the Territory is insufficient for the actual repairs required. Our Administration has lobbied Congress and the U.S. Department of Transportation for a larger allocation of funding for the U.S. Virgin Islands. The federal bipartisan infrastructure bill passed in November only increased federal funding for our roads and bridges to \$19 million annually. This is far short of the \$35 million that the officials in the Department of Public Works have been telling us is necessary to repair and maintain all of the Territory's roadways. We will continue to lobby on behalf of the Territory, alongside Delegate Plaskett, for increased transportation funding.

This past year, we made a concerted effort to address our neighborhood roads that are not part of the federal system. We appropriated \$20 million in Fiscal Year 2021 of local funds for road repairs. We are proud to say, with these funds, last year we completed road projects on Garden Street, Prindsens Gade, Estate Misgunst & Lerkenlund, Hospital Ground, Estates La Reine, St. George, Campo Rico, Bugby Hole, Whim, Work & Rest, Catherine's Rest, Union -Mt. Washington, Mt. Pleasant -East, and Strawberry Hill. I thank this body and the members of the 33rd Legislature for approving our appropriation requests and allowing these projects to move forward. We will be including more local funding within the upcoming budget.

As I speak this evening, we have contracts in place for road repairs taking place at Gallows Bay, Estates Hermon Hill, Mandahl, Smith Bay, Mount Pleasant, Upper Love, Estate Hope, Pearl, Marienhoj, Estates St. Peter and Lilliendahl, and Estate Carolina on St. John.

This year, we also expect to begin road repairs or drainage improvement projects in Estate Thomas, on First Avenue Road, and Bovoni on St. Thomas; Centerline Road, Fish Bay, Maho Bay

and Coral Bay on the island of St. John; and Clifton Hill, Estate Richmond, Calquohoun, and William's Delight on St. Croix; and repairs are planned for Water Island as well. We also have funded a project to replace 367 lights along the entirety of the Melvin Evans Highway. And of course, continuing several projects we have initiated, including starting the work on Veterans Drive - Phase 2.

We also continue to make major investments in the development of our port facilities. Last year, the Virgin Islands Port Authority completed the expansion of the Departure Terminal at the Henry E. Rohlsen Airport. Work continues on the construction of the Transportation Center at the Cyril E. King Airport. The new Gordon A. Finch Molasses Pier is nearing completion on the south shore of St. Croix. We look forward to finalizing negotiations between the Public Finance Authority and the Port Authority to effectuate the transfer of West Indian Company Limited (WICO). We remain committed to consolidating the management of the cruise ship business within one agency.

The shortage of housing for working people threatens to derail the economic growth of the U.S. Virgin Islands. This body is to be commended for the passage of the First-Time Homebuyers Program Act and the appropriation of \$4 million for homeownership. This provides an additional tool in our efforts to financially support Virgin Islanders seeking to purchase land for home construction, build or purchase a house, or repair or rehabilitate an existing house for use as their primary residence. That measure supplements the \$70 million for homeownership construction and first-time homebuyer assistance already earmarked in HUD funding by the Housing Finance Authority, as well as the \$10 million we allocated in American Rescue Plan Act funding by the Office of Management and Budget for affordable housing.

Last year saw the unveiling of the most symbolic demonstration to modern affordable housing development in the U.S. Virgin Islands --- Magens Junction II. I was so pleased to meet the proud residents that now call that development home. This 60-unit, 9-story apartment complex represents the future and sets the local standard for housing construction. This public-

private partnership was developed by the Jackson Development Company, LLC and financed through a combination of local and federal funding administered by our Housing Finance Authority. The state-of-the-art building was designed to be sustainable and is independent of WAPA energy, powered by microturbine generators, solar energy, and battery storage. This is what the future of affordable housing in the Virgin Islands looks like.

The Virgin Islands Housing Authority has been extremely aggressive in repairing and restoring its low-income housing stock. The Donoe Redevelopment Project continues to progress and is slated to be completed in December. That is a \$57.4 million housing development that will consist of 84 affordable rental units on St. Thomas. The buildings at Tutu Hi-Rise are now being demolished to clear the way for a new development there.

The Authority will begin renovating the Walter I.M. Hodge Pavilion community in Frederiksted thanks to \$78.6 million in multi-grant financing. Work is expected to start this month and will completely rehabilitate 248 units in this housing community, including several buildings that were abandoned long before the hurricanes struck the Territory in 2017. This will increase the inventory of housing for low-income families on St. Croix. It will also provide a much-needed modernization and facelift for the current members of that community.

The Housing Authority also has a current solicitation for bids to construct a new 98-unit senior housing complex in Estate Stony Ground in Frederiksted that is expected to begin this summer. The demolition of the Ludvig Harrigan site in Frederiksted is complete, paving the way for the development of more senior housing. The Housing Authority has also been actively repairing the storm-related damage to its properties. This past year the Authority completed extensive roof repairs at Michael J. Kirwan Terrace, Paul M. Pearson Gardens, the Knolls at Contant, and Marley Homes. The Authority was allocated a little over \$61 million by FEMA to conduct repairs within the remaining housing communities that were most devastated by the storms.

The Sheltering and Temporary Essential Power (STEP) pilot program, the predecessor to the

EnVIsion Tomorrow program, was a success. The pilot program completed temporary roof repairs of 6,560 homes in the immediate aftermath of the storms. Phase II provided permanent roof repairs to 1,648 homeowners.

However, the success of the program was tainted by the failure of the federal government to pay the contractors and vendors for their services. Although construction concluded in April 2019, the biggest challenge was producing the documentation required by FEMA to ensure reimbursement to the Territory for the cost of the repairs and related expenses. This past year, the Office of Disaster Recovery and the Virgin Islands Housing Finance Authority made significant progress in resolving most of the outstanding disputes with FEMA. Because of those efforts, I am pleased to say that in 2021, the STEP Program has paid out \$341 million to the contractors associated with the project. This brings the total payments for the STEP Program to \$703 million paid to the contractors and their vendors, most of which are local small businesses. I would like to thank these contractors and vendors for their patience and the work they did to put Virgin Islanders back in their homes after the storms.

The EnVIsion Tomorrow has generated a lot of discussion in the political forums of our community and even more so in the homes of the residents enrolled in the program. It has certainly not moved at the pace that we “envisioned” when we launched the program. Our reality is, any program generous enough to grant a homeowner as much as \$250,000 of federal tax dollars to invest in their private property with no requirement for payback, demands significant checks and balances. However, for those who are patient in tolerating the federal bureaucracy of this program, the reward is tremendous.

This is not merely a roofing program. It focuses on structures that require major repairs and often total reconstruction. This is the first time in the aftermath of a disaster that the Government of the Virgin Islands has attempted a program this ambitious. It was designed to assist those homeowners who lack insurance or other resources needed to rebuild.

Although EnVIsion Tomorrow got off to a now notoriously slow start, there is reason for optimism for those applicants who are awaiting repairs to their homes. In the past year, as we pushed to get this program moving faster, we learned several valuable lessons. We are now confident that the program is moving more efficiently than before. The program is on track to have all eligible homeowners sign their grant awards by June 2022. The Housing Finance Authority is projecting that they will begin construction on at least 200 homes in 2022. I understand the frustration of those waiting for assistance, but I vow to keep the pressure on the Housing Finance Authority until every participant in this program is properly housed.

Under the tenure of Former Commissioner Trevor Velinor and current Commissioner Ray Martinez, the Virgin Islands Police Department (VIPD) has undertaken efforts to improve its relationship with the community. We are guided by the notion that together we can tackle the problem of crime – we all play an active role in the safety of our community.

In my last address, I issued a call to action – If you see something, say something. I am exceedingly proud to say that our community answered. In the past few months, VIPD made several arrests in connection with robberies and homicides. These arrests are the direct result of a developing partnership between VIPD and a community who will no longer stand for a norm of violence. VIPD has demonstrated that when we work together, they can and will remove criminals that terrorize our community from our neighborhoods. I see progress in our future as it relates to fighting crime.

VIPD has revamped and expanded its recruitment strategy. While the Department has seen the hiring of sixty-three new employees, including Police Officers, Police Auxiliary, Community Service Officers, and key civilian staff, it is in need of hundreds of officers Territory-wide. I urge the men and women of this Territory to consider the various career opportunities available at the Police Department.

VIPD continues to increase its crime-fighting technology capabilities. To date, the first phase of the Camera Project has been completed. We now have 105 cameras throughout the Territory,

some of which include license plate reading capabilities. VIPD has already begun to use cameras footage to aid in crime-fighting and looks forward to launching the Department's Real Time Crime Centers as a monitoring base in both districts. We anticipate at least two more phases to this project, which will provide an additional 473 cameras Territory-wide. The Department has acquired its first drone, and four more are in process. They will provide aerial support to conduct aerial searches and rescue missions. VIPD also purchased a new Automated Fingerprint Identification System for fingerprint comparison both locally and nationally to link criminals to crimes and store fingerprint data for future reference. Our officers will soon be outfitted with Body-Worn Cameras for the safety of officers and civilians alike. We are investing in the Police Department, and I look forward to seeing our men and women in blue deploying these resources to further combat crime.

The best way to fight crime is to prevent it from occurring in the first place. However, we believe that after several rounds of interviews, we have selected Antonio Emanuel as Director for the Office of Gun Violence Prevention. While Mr. Emanuel has a law enforcement background, he was selected for his experience in working with at-risk youth within their communities. We have tasked Mr. Emanuel with executing strategic community-based interventions in line with the National Network for Safer Communities model. He now serves as the head of the Governor's Advisory Council on Community Violence Intervention. The Council brings together Government, non-profit, religious, and private sector partners to provide guidance to the Office of Gun Violence Prevention. I am committed to providing resources and support to ensure the success of this program and hope that this Legislature will join me in that effort.

Illegal firearms continue to be an escalating problem in the Territory. In 2021, VIPD confiscated 153 illegal firearms. At the beginning of last year, I submitted legislation to this body to bolster our laws surrounding firearms. Following Senate input at Committee of the Whole, I revised and resubmitted this legislation, which now seeks to institute a 24-hour declaration of firearms entering the Territory; increased punitive measures for failing to report

lost or stolen firearms; and establish safe firearm storage requirements. Senators, we have a common goal in addressing the presence of illegal firearms in the Territory. I look forward to working with you to see this legislation through the process of passage and enactment.

I am also looking to the Legislature for forward movement on the Virgin Islands Fire and Emergency Medical Services bill. The integration of the Fire Service and the Emergency Medical Service is good for the people of the Virgin Islands. It is suitable for you, me, or anyone unfortunate enough to find themselves in a medical emergency.

My commissioners, directors, and I have met with the unions and the employees from Fire and EMS on multiple occasions. From those meetings, it was clear as day that an integration of these services is the best way forward to provide a more efficient and effective emergency response across the Territory. Our fire stations have the capacity to accommodate EMS, our firefighters have excelled in their Emergency Medical Response certification courses, and both Fire and EMS employees have demonstrated a passion for delivering the best service possible to the people of the Virgin Islands.

We are not reinventing the wheel. The merger is in accordance with a well-established and growing movement towards shared services worldwide. It demonstrates a commitment to the public's safety by decreasing emergency response time through the strategic deployment of Fire and EMS personnel from ten additional locations throughout the Territory. Senators, no one should die waiting for an ambulance.

One more measure before this body is the legalization of Adult-Use Cannabis. The Cannabis Advisory Board selected an Executive Director, Hannah Carty, who began working on January 3rd. Her experience in the Department of Agriculture as its administrator of the hemp program positions her to be a driving force in regulating the cannabis industry. The Office of Cannabis Regulation is presenting the proposed Rules and Regulations for the medicinal cannabis program to the public, next month. While this is progress, I would be remiss not to point out that the current medicinal cannabis law does not address the social inequities resulting from the arrest

and incarceration of those who used marijuana in the past. It does not provide an opportunity for those who were marginalized for decades, and it does nothing for our budding young entrepreneurs to enter this industry. It certainly does not provide a revenue stream to the Government. We all learned in Denver that there is so much more we can do in the Cannabis industry, and we are leaving too much opportunity on the table. We already have a Cannabis industry; it is just unregulated and untaxed. It is time, past the time, for the Legislature to give serious consideration to completing what you have started and to not let this opportunity pass us by.

The COVID-19 pandemic has, without question, disrupted the Virgin Islands Department of Education's normal operations and impacted the quality of teaching and learning for the past three school years. Our students have been challenged in many ways during this time. We have expressed concerns regarding the absenteeism from classes, low academic performance, social and emotional disconnect, and challenges accessing technology. Additionally, physical and social isolation caused by social distancing have impacted children, especially those experiencing depression and anxiety.

The Department, however, has done its best to overcome these challenges and provide a quality learning experience for all of our students. While Covid has been a distraction, it has not dominated our attention.

Last year, the Ivanna Eudora Kean, Central, and Charlotte Amalie High Schools all received full accreditation for the next seven years from the Middle States Commission on Higher Education. Congratulations to the School Accreditation Teams, the administrators, and the teachers who guided this process. This is indeed a significant accomplishment. The St. Croix Educational Complex will begin their reaccreditation process this school year.

Graduation rates have trended upwards over the last three years, 62.6 percent in 2019, 70.9 percent in 2020, and 71.4 percent in 2021. In May of 2021, the Department successfully graduated 723 students territory-wide from our high schools. We have made available to

each graduate pursuing a secondary education a \$1,000 stipend to address pandemic-related hardships they may have incurred.

We continue to develop and expand our public pre-kindergarten programs. To date, eight Pre-K classrooms are now fully operational – six of which were opened during the current COVID-19 pandemic. We have maintained an emphasis on school readiness as part of this Administration’s Cradle-to-Career strategic focus. Lieutenant Governor Roach and I want to make sure that every child that enters our school system is prepared for success.

I want to use this opportunity to congratulate two young aviation students, Carlos Alexander and Cylus Gordon, who recently completed their first solo flights last October. They are part of the aviation program at our St. Croix Career and Technical Center (CTEC). These young men are well on their way to careers as pilots and developed those skills right here, through the opportunities made available by the Department of Education. I want to also acknowledge their instructor, Ira Williams, who has led the CTEC Aviation Academy since 2012. Despite the issues posed by the pandemic, there are still great things happening in our schools.

However, we do have continued concerns about the level of academic proficiency demonstrated by our students in general. According to our most recent standardized test results, 22.3 percent of 3rd graders performed on grade level in reading and 16.9 percent in math. While this is actually an improvement over our pre-Covid era scores and evidence that the Department’s targeted academic interventions are working, it is still well below the level of performance that we aspire for our children. There is still much work to do to get all students reading on grade level.

We have allocated \$1.5 million to the community foundations, in each district, for numeracy and literacy programs that keep students engaged after school, on weekends, and during the summer. These funds are being sub-granted to programs across the Territory to further this mission to promote academic excellence. The Department is also the recipient of over \$138 million in funding through the American Rescue Plan Act. A considerable portion of those

funds has been dedicated to supporting the implementation of interventions, such as summer enrichment, comprehensive afterschool programs, or extended school year programs. Significant resources have also been dedicated to ensuring that such learning responds to the social, emotional, and mental health needs of our students in both our public and private schools.

The physical condition of our school campuses remains of paramount concern. Our schools were badly damaged by the hurricanes in 2017, but they are also afflicted by years of deferred maintenance, and most are simply showing their age.

We were very proud to unveil the new 9th grade annex at the Charlotte Amalie High School. It is the first glimpse into what modern school construction will look like in the Virgin Islands. The facility has been retrofitted to include expandable classrooms with movable walls, private reading rooms, natural lighting, and increased visibility to monitor students inside and outside of the classroom. The other school modernization projects will follow similar design standards and include other sustainable elements like renewable energy and efficient lighting.

Repairs to the Gladys Abraham School are nearing completion. This will be the home to the new Raphael O. Wheatley Skills Center and the hub for career and technical education on St. Thomas. While awaiting FEMA's response on the level of repairs that will be allowable, the Department has proceeded with the initial design for reconstruction or modernization of five schools: Charlotte Amalie High School, Central High School, Julius Sprauve, Bertha C. Boschulte, and Arthur Richards. FEMA has authorized the full replacement of 10 buildings on four campuses, with more than 50 requests still pending their response.

FEMA has approved funding for a \$242.5 million project for the rebuilding of the Arthur A. Richards K-8 School on St. Croix. The contract for construction has already been awarded. The demolition of the old Evelyn Williams Elementary School is in progress and makes way for the brand-new Arthur Richards. The new school is expected to break ground before the end of the year and marks the first complete school reconstruction since the storms. It will

fully demonstrate the standards for new school construction established by the Department of Education's Facilities Master Plan.

While virtual learning has continued for the 4th thru 12th grade student populations, our students in pre-kindergarten through the third grade, special education, and our career and technical education students have been fully back to school since September of the current school year. This semester, however, will mark the first time, since the arrival of Covid, that all public schools in the Virgin Islands are open for in-person learning. The Department continues to provide resources such as personal protective equipment, cleaning supplies, spray cleaners, touchless fixtures, wash stations, bottle-fill stations, and plexiglass for desks to minimize the spread of Covid-19. Throughout the course of the pandemic, the Department of Education and the Department of Health have acted in concert to ensure that decisions were made in the best interest of student, faculty, and staff safety on our school campuses.

We continue to invest in our workforce and our young people, especially in those hard to fill vacancies in our government. This year, we launched a Financial Fellows program to provide opportunities for young Virgin Islanders to return home and receive training and jobs in the Government of the Virgin Islands. The fellowship program – the first of its kind – provides two years of on-the-job training and work experience within the various financial agencies of our government – and at a reasonably competitive salary of \$55,000 a year. We do this because our young people deserve meaningful investments to be made in their future success. They deserve the opportunity to return home and contribute to their community.

Our commitment to our young people is truly from Cradle to Career.

In 2019, when I first addressed the Senate, I shared my desire to establish a long-term economic vision for the entire Territory absent of politics. This past year the Economic Development Authority unveiled Vision 2040, a community-based economic development and community revitalization plan. This plan lays out a twenty-year economic strategy for

the U.S. Virgin Islands, encompassed in eight aspirational goals. - Increase locally sourced food. - Become a Blue Economy Research Center. - Forge new pathways in healthcare and health sciences. - Support our entrepreneurs and give them access to capital. - To increase our population. - Become a renewable energy destination. - Deliver a world-class education system and - Optimize our tourism product through our culture.

For those of you who have had the opportunity to review the plan, you may have noticed that much of what I have discussed tonight revolves around supporting those eight goals. It is our mission to continue to align the Administration's policies with the goals embodied in Vision 2040. I want to thank the over 3,000 Virgin Islanders, both at home and abroad, that provided input into this plan by participating in multiple surveys, one-on-one interviews, and virtual town hall meetings. It was truly a community-based effort that reflects the consensus of our diversified viewpoints.

The efforts of the University of the Virgin Islands Research and Technology Park exemplifies the innovation that will ultimately transform our economy. Within the last year, they have launched the Catalyst Fund, the Tech Village development, a technology accelerator, and the Vista+ talent recruitment site.

If there is one canary in the coal mine that we should pay attention to, it is the results of the 2020 U.S. Census population count. One of the aspirational goals of the Vision 2040 plan is to increase the population of the U.S. Virgin Islands by 10 percent. This goal was established before the Census revealed that the population had decreased by 18 percent to 87,146 people. That means, to achieve the population target that Vision 2040 aspires to, the population must grow by approximately 30,000 residents. This has major implications for our ability to keep our recovery on track.

Spurring population growth is critical to spurring economic growth here in the Territory. The population has to be large enough to generate the level of commercial activity that our

businesses rely on. Simply put, fewer people mean fewer customers.

Our workforce also depends on population growth. We are currently in the midst of a labor shortage. Furthermore, the RAND Corporation published a report in 2020 that suggested that we would eventually need an additional 5,520 workers to sustain the hurricane recovery effort. The loss of population also means a shrinking tax base. An erosion of the tax revenues collected by the government will effectively result in a reduction in the ability for the government to provide services. Therefore, we must identify strategies and policies that will help reverse this population decline.

Lieutenant Governor Roach and I entered this responsibility with a clear plan for attaining the quality of life we aspire to as Virgin Islanders. As I stand here tonight, I am pleased because the results of our approach to governance are becoming increasingly evident. We have gained greater momentum each year we have been in office. We have paid \$96 million in income tax refunds. We have repaid the 8% VIESA payroll cut to the tune of \$41.5 million. We have paid \$10 million in retroactive wages owed to former public sector employees. We paid over \$1 million to correct the pay owed to the National Guardsmen for their service following the 2017 storms. This is a total of almost \$150 million in past due obligations, all paid from the Treasury of the U.S. Virgin Islands, without borrowing a dime. And that is what has been done only within the last 12 months, despite COVID-19. I don't remember the last time our government was able to address that magnitude of financial obligations in such a short period of time. Senators, this is something that we should all be proud of.

Economies are cyclical, but our Territory is undeniably on an upswing. Not even the headwinds of hurricanes and pandemics have deterred our progress. In fact, they have bolstered our resolve, strengthened our efforts, and provided the resources that have spurred our initiatives.

I do not speak to you this evening with rose-colored glasses. As I said earlier, there is still much more work to be done. The social ills that have compromised our quality of life still require

our dedicated focus and attention. We are now confronted with new headwinds created by the rising cost of living driven by inflation. Let us not be fooled; we are only at the beginning of our journey to sound footing. But we have stabilized the finances of our government and begun the serious work of diversifying our economy and strengthening the private sector. We are laying a solid foundation.

This is indeed an exciting time to be a Virgin Islander. There are wonderful opportunities permeating throughout our community. But to appreciate them, we must not succumb to the usual cynicism. Realizing greater progress and increased prosperity is indeed a community project. We all must do our part as leaders and citizens. We all want the best for the Virgin Islands. Senators, if we put aside our personal ambitions and individual agendas just long enough, we can achieve greater results for the people of the Virgin Islands. Lieutenant Governor Roach and I are confident of this. So, let us move forward together on a path that builds on the trust that the people have placed in us to govern with competence and integrity.

Once again, I am grateful for the opportunity to address you all this evening. God bless you, and God bless our Virgin Islands. Love you!





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